



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

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copy

Ref: EPR-SR

JUN 13 2012

The Honorable Max Baucus
United States Senator
8 - 3rd Street East
Kalispell, MT 59901

Dear Senator Baucus:

Thank you for your letter, dated May 21, 2012, on behalf of Ms. LaVern Shadden of Libby, MT, regarding utilization of truck owner-operators in support of the EPA's cleanup activities at the Libby Asbestos Superfund Site (the Site). This letter provides some background on how subcontracting to truck owner-operators has taken place at the Site and actions the EPA has implemented to address the concerns of all truck owner-operators including Ms. Shadden.

Prior to 2011, the EPA conducted residential removals through short-term contracts, typically issuing multiple contracts each year. In 2011, members of the local workforce and county officials requested that the EPA consider long-term contracting at the Site. After a thorough evaluation, the EPA determined that a long-term contract would provide improved project consistency and would help to maintain a reliable local workforce for the EPA's cleanup activities at the Site. The EPA subsequently decided to issue a five-year contract to conduct residential removals at the Site, and the U.S. Army Corps of Engineers (the Corps) conducted this procurement for the EPA. The firm that successfully competed for this contract was Project Resources Inc./Environmental Restoration, LLC Joint Venture (PRI/ER). Project Resources Inc. is headquartered in Las Vegas, NV, and Environmental Resources, LLC is headquartered in Saint Louis, MO. Both these firms presently have offices in Libby, MT.

Under the five-year contract, the contractor is required to provide the labor and equipment that are necessary to perform the work and also has the flexibility to self-perform or to subcontract the work. While the EPA has stated a preference for the use of local labor and suppliers, there is no contractual requirement for the use of local labor and suppliers. Nonetheless, the current situation is that over 95% (66 of 69) PRI/ER employees reside in the Libby area.

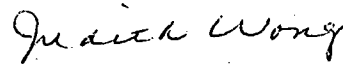
Upon award of the five-year contract in 2011, the contractor evaluated how to provide reliable labor and equipment in the most cost-effective manner. Based on this evaluation, PRI/ER purchased trucks to conduct the required work. Once the EPA learned of this decision, we worked with the Corps and requested that PRI/ER look for additional opportunities to provide local truck owner-operators with work on a cost-competitive basis. As a result, each owner-operator that provided trucks during the previous construction season was given an opportunity to provide trucks and drivers at the rates equal to PRI/ER's hourly and standby costs. The EPA also became aware of a requirement for increased insurance rates and associated costs for truck and driver vendors, which made it difficult for the owner-operators to meet PRI/ER's rate. After further discussions, PRI/ER determined that the insurance

requirements could be lowered, ultimately decreasing these costs for the owner-operators. In total, four of the 12 owner-operators from last year agreed to new subcontracts. The remaining owner-operators were offered subcontracts on an as-needed hourly basis.

The EPA and the Corps are bound by extensive Federal Acquisition Rules, and award of subcontracts must comply with all equal opportunity laws. All qualified vendors are considered based on the quality of their bids.

We appreciate your continued interest in the EPA's cleanup activities at the Libby Asbestos Superfund Site. If you or your staff have any further questions regarding the EPA's cleanup in Libby, please contact me or Sandy Fells, Regional Congressional Liaison, at 303-312-6604 or fells.sandy@epa.gov.

Sincerely,



James B. Martin
Regional Administrator